

State of Alaska FY2010 Governor's Operating Budget

Department of Transportation/Public Facilities Internal Review Component Budget Summary

Component: Internal Review

Contribution to Department's Mission

To provide professional audit assistance to department management that assures compliance with Federal Highway Administration (FHWA) and Federal Aviation Administration (FAA) requirements and to provide independent assessments of department operations.

Core Services

- Internal Review is an independent section within the Department of Transportation and Public Facilities that reports directly to the Commissioner. Internal Review is an extension of the management function that identifies problems and recommends actions that can correct those problems. It provides a measurement of how well the department is meeting its statutory requirements and achieving its objectives.
- Reviews operations and identifies control weaknesses, systems improvements, compliance, and recommends improvement in the use of resources (efficiency, economy, and effectiveness).
- Audits pre-award and final (post performance) activity of firms under contract with the department to assist in establishing rates and assuring that only agreed upon rates and charges have been paid.
- Audits utility companies, concessionaires at state airports, grantees, and contractor claims involving federal-aid to assure agreed upon rates were used, proper fees collected and that contractor claims were supportable.
- Audits major operational areas of the department on a special request basis and assists in special program reviews conducted by the Federal Highway Administration and the Federal Aviation Administration.
- Assists the Division of Legislative Audit in the required Annual Single Audit of State of Alaska, which includes the Department of Transportation and Public Facilities' operations.

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$1,085,700

Personnel:

Full time	8
Part time	0
Total	8

Key Component Challenges

A significant portion of the Internal Review's audit work is performed on the federal programs on specific projects. The most cost-effective method of meeting audit requirements is to perform the audits in-house. It is important for the Internal Review Section to sustain an adequate staff size and meet training and travel requirements.

Significant Changes in Results to be Delivered in FY2010

No significant change anticipated.

Major Component Accomplishments in 2008

- Completed 62 consultant engineering overhead rate audits, 15 utility company rate audits, 13 cost allocation plan reviews, 13 special reviews and 27 final audits to assure rates and other charges under contracts with the department are supportable and meet federal requirements.
- Assisted departmental staff and state attorneys in reducing claims on projects.
- Completed the review of all financial documents requested by the Division of Legislative Audit as part of the annual single audit of the State, which completes the annual 'Federal Single Audit' requirements.

Statutory and Regulatory Authority

The following federal and state regulations and statutes apply in general to the creation and operation of the Internal Review Section:

AS 44.17.010, 020, 040 (Department authority to establish organization and staffing)
AS 36.30.420 (Right to audit records)
AS 35.05.050 (Cooperation with the federal government for construction of public works)
Alaska Procurement Code and the Department Professional Services Agreement (PSA) Manual
Memorandum of Agreement between Alaska DOT&PF and the Federal Highway Administration
CFR Title 23 Part 645 (Accounting standards for utility companies)
CFR Title 48 Part 31 (Contract Cost Principles)
OMB Circular A-133 on the Federal Single Audit

Contact Information
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**Internal Review
Component Financial Summary**

All dollars shown in thousands

	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	828.5	967.7	993.8
72000 Travel	39.9	37.0	37.0
73000 Services	53.2	42.1	42.1
74000 Commodities	8.7	12.8	12.8
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	930.3	1,059.6	1,085.7
Funding Sources:			
1004 General Fund Receipts	117.9	206.6	230.3
1027 International Airport Revenue Fund	86.2	88.8	91.2
1061 Capital Improvement Project Receipts	726.2	764.2	764.2
Funding Totals	930.3	1,059.6	1,085.7

Estimated Revenue Collections

Description	Master Revenue Account	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Unrestricted Revenues				
Unrestricted Fund	68515	1.0	0.0	0.0
Unrestricted Total		1.0	0.0	0.0
Restricted Revenues				
Capital Improvement Project Receipts	51200	726.2	764.2	764.2
Restricted Total		726.2	764.2	764.2
Total Estimated Revenues		727.2	764.2	764.2

**Summary of Component Budget Changes
From FY2009 Management Plan to FY2010 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2009 Management Plan	206.6	0.0	853.0	1,059.6
Adjustments which will continue current level of service:				
-FY2010 Wage and Health Insurance Increases for Bargaining Units with Existing Agreements	4.9	0.0	21.2	26.1
-Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements	18.8	0.0	-18.8	0.0
FY2010 Governor	230.3	0.0	855.4	1,085.7

**Internal Review
Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2009 Management Plan	FY2010 Governor		
Full-time	8	8	Annual Salaries	660,620
Part-time	0	0	COLA	26,874
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	332,167
			<i>Less 2.54% Vacancy Factor</i>	(25,861)
			Lump Sum Premium Pay	0
Totals	8	8	Total Personal Services	993,800

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Internal Auditor III	4	1	0	0	5
Internal Auditor IV	1	0	0	0	1
Internal Auditor V	0	0	1	0	1
Statistical Technician I	1	0	0	0	1
Totals	6	1	1	0	8